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FIELD HEARING

Federal Communications Commission Office of the Secretary

BROADCAST LOCALISM HEARING

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CHARLOTTE, NORTH CAROLINA

CHAIRMAN POWELL PRESIDING

WEDNESDAY, OCTOBER 22, 2003

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5:35 P. M.

CHAIRMAN POWELL: Good evening, Ladies and Gentlemen, and welcome to the first public hearing of the Federal Communications Commission on localism in broadcasting.

This event also serves as a fact-gathering inquiry to coincide with your local broadcasters' licenses coming up for FCC renewal, as they do every eight years.

My name is Michael Powell; I serve as chairman of the Federal Communications Commission. I am joined by my 10 two distinguished colleagues, to my right, Commissioner Mike Copps, and to my left, Commissioner Jonathan Adelstein.

I also want to express my regrets that our other two colleagues cannot be here, Commissioner Abernathy, who has an illness in the family, and Commissioner Martin, who has another commitment.

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Before we get started in earnest, I have the distinct pleasure of introducing the Mayor of Charlotte who 18 has been terrific in bringing us to his town, the Honorable 19 Patrick McCrory. Mayor?

MAYOR McCRORY: Mr. Chairman, Commissioners, 21 welcome to Charlotte, North Carolina. And I also, Mr. 22 Chairman, need to also give my best to the Secretary of State and just let him know that we really appreciate not 23 24 only the work he's doing for our country and for our world, 25 but we also want to let him know we haven't forgotten about America's Promise. He's been very active in our local America's Promise efforts, and we really do appreciate that very much.

On behalf of the City of Charlotte we'd like to welcome you to the 19th largest city in the United States of America, the second largest financial center, and the home of the almost undefeated Carolina Panthers, and home in the near future to the Charlotte Bobcats, and also I must also say the Charlotte 49er basketball team.

But it's a city we're very, very proud of. We have a population of 610,000 people in an area of about 280 square miles. And your job is very important for Charlotte and our future because communications and the media and the interaction with the public is a very, very important priority for us all, as it is in most cities.

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As the hearings unfold today you are going to hear from many voices because Charlotte is not afraid to speak 18 out, but we will do it in a very, very professional and respectable way.

I would like to make you aware I also represent mayors from throughout the country as a member of the Board 22 of Directors of the U.S. Conference of Mayors. And I just want to briefly take advantage of this welcome, if you don't 24 mind, Mr. Chairman, to mention two issues that are important 25 to this mayor and also mayors throughout the nation, and

that is especially with the issue of homeland security.

At this point in time we need to solve the interference issue so channels for our emergency responders are no longer intermingled among and adjacent to commercial channels. This is extremely important to our first responders in this region and throughout the regions throughout the United States.

Your support of the consensus plan which is supported by all of the top organizations of the first responders' profession will help enhance public safety by realigning the 800 megahertz system into two distinct blocks, with one for public safety and the other one for wireless carriers.

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This will virtually eliminate any chance of interference, and once again provide reliability in the first responder communication system without costing local 17 governments millions of dollars.

As a member of -- as a new member of Secretary 19 Ridge's Homeland Security Commission, communications is one 20 of the most vital parts of homeland security, and your role 21 in that effort is very, very important to us all. for your support of the consensus plan and the subsequent funding to address this homeland security issue.

In addition to the public radio spectrum issue, 25 your rule-making decisions in the area of cable modems and internet service will have a direct impact on the financial well being of cities throughout the United States.

Local governments are presently unable to collect franchise fees because of a recent ruling in 2002 classifying cable modem services as information rather than cable or telecommunications services. This is talking about our right-of-ways which has been our property which we get a fair return of dollars for. And that basically renews that while at the same time we're getting many unfunded mandates from the Federal Government. We're having our revenue stream taken away from cities throughout the United States.

This has caught us quite off-guard, and in Charlotte alone reduces revenues from the \$5 million we currently collect from cable franchises.

I'm worried about the slippery slope of unfunded mandates that will continue to happen, in addition to the slippery slope of what's next regarding taking funding away from getting money from our right-of-ways. I did want to make you aware of that, although I know you're here to talk about primarily some other issues of important legislation, and I do want to recognize that.

I do want to say something about our media outlets here in Charlotte. Overall I want to compliment them because they've been extremely responsive in most cases to our public needs, especially during emergencies.

Even on 9-11 we had incredible evacuation from our high rise towers because we are the second financial center in the United States, and most people don't realize that.

But on 9-11 we had people evacuating our high rise buildings and our media and other people involved helped communicate exactly what we needed them to do during 9-11.

And also we needed their help during hurricanes and ice storms and other types of activities, and they've all been extremely cooperative when we, the City, have asked for their assistance, whether it be the TV stations or the radio programs, and we've been very complimentary of them. And they've also continued to provide us good public service.

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I will say this in Charlotte. There's a very strong community norm of responsibility that is not only put on public servants like myself, but also on the media. And if you cross that norm and you don't get involved in this community, the market and the community will respond and they will respond in many different ways, both with their pocket books, with people speaking out against them if they don't take full responsibility and care for our city.

Because we have a firm belief in Charlotte that when you come here, you can make a living, but you also must care for the current and future of Charlotte, and you must make it a better place in which to live, work, and raise a

family, and that includes the media organizations.

We do listen to the marketplace. I say this' rather lightly, but an example of that is The Howard Stern Show did not make it here in Charlotte. And that to me says something because we do have community values and community norms that are very, very important to us. And we expect the people in the media markets respond to those norms, care for our community, and help educate the community in many areas, including government service.

So on behalf of everyone in the City of Charlotte, 11 welcome, enjoy your stay here. I hope you get to visit our 12 city more. Chairman Powell, I know you got to walk in our 13 city a little bit this morning, but next time stay longer 14 and we'll give you a great tour and we'll take you to a 15 Carolina Panther football game too.

Thank you and may God bless each one of you. Thank you very much.

(Applause.)

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CHAIRMAN POWELL: Thank you, Mr. Mayor. And as a 20 Redskin fan, we're happy to be in greener pastures here in Charlotte.

(Laughter.)

MAYOR McCRORY: You're coming soon.

CHAIRMAN POWELL: Yes, sadly. I also want to just 25 thank you and all the wonderful people of Charlotte who have

## Broadcast Localism Hearing

just extended the classic southern hospitality to the Commission. It's been one of the best organized events we've ever had, and I really want to extend my compliments to you and to the citizens of the city.

With that let me begin with some opening remarks. Back in August I announced an initiative on localism in broadcasting. A critical part of that effort is for the FCC 8 to get out of Washington and start talking to Americans about the system of broadcasting and how it serves local 1d communities.

We are here in Charlotte tonight to kick off a 12 series of public hearings on localism in broadcasting, and 13 to use those hearings as a part of the record we will use to make decisions on whether or not to renew the licenses of 15 your local broadcasters.

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So what is localism and why does the FCC care 17 about it? Generally speaking, localism is the responsiveness of a broadcast station to the needs and interests of its community. Promoting localism is one of the principle reasons the FCC regulates broadcast television 21 and radio.

Before a radio or television station can go on the air, it must receive a broadcast license from the FCC. the FCC determines the applicant is qualified to hold a 25 license, one is issued.

In return, however, the licensee promises to serve the public interest through its property. A key part of the public interest is that the broadcaster air programming that is responsive to the community of license. This public interest obligation applies uniquely to broadcasters and is what singularly distinguishes them from cable or satellite channels.

The FCC has promoted localism in two major ways. One is by limiting the number of stations an entity can own. But regardless of who owns the station, that owner is legally obligated to serve the local community. inquiry here seeks to examine if that is happening, and if not, to consider the actions the Commission might take, including potentially not renewing an owner's broadcast license for failing to serve the public interest.

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In the past the Commission tried to promote localism by requiring broadcasters to air certain kinds of 18 programming that it believed was in the public interest. Over time, however, the media environment became more 2d competitive and past FCC's have relied more on free markets to ensure that citizens received the programming they 22 wanted.

But a station's duty to serve its local community has never changed. Today's hearing begins an on-the-ground inspection of how our broadcast system is working for local communities. Specifically we have three main objectives of these hearings.

First, we want to hear directly from members of the public on how they think their local broadcasters are doing; what you do like, what do you dislike; what do you think should be done differently?

Secondly we want to hear from broadcasters about their localism efforts. I know many broadcasters are justifiably proud of their work to serve their local communities and we need to hear from them.

And third, we want to educate the members of the public on how they can participate at the FCC when a local station's license is up for renewal.

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I see these hearings as an opportunity to bring these license renewals to life. It is one thing for us as commissioners to sit at our desks in Washington and read a dry rule application; quite another to talk directly with the people who listen to those stations every day.

We chose Charlotte as our first hearing site in part because the radio and TV licenses for North Carolina and South Carolina are up for renewal shortly, and we wanted to begin spreading the word that renewals are not just an inside the Washington Beltway phenomenon. They're open to anyone who has something to say about their local stations.

Along these lines I have asked the FCC staff to

prepare a short primer on how to participate in the license renewal process. Those will be available to you on the tables in the back of the room. This primer is also located on our website at www.fcc.gov/localism.

Finally I want to thank the panelists for preparing testimony and joining us tonight. The participation of local broadcasters is critical if these hearings are to be meaningful, and I extend my sincere thanks for your presence here tonight. And I want to wish 10 to thank the local groups and individuals who have agreed to 11 speak tonight as well.

And finally I want to extend a welcome to the 13 citizens of Charlotte who are here in attendance, as well as 14 those watching on TV or listening via the FCC's audio 15 webcast. We very much look forward to tonight's discussion.

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With those opening remarks, let me give my 17 colleagues an opportunity to speak, and I first introduce 18 you to Commissioner Mike Copps. Commissioner?

COMMISSIONER COPPS: Thank you, Mr. Chairman. Good evening and welcome to all. It's always a happy 21 occasion for me to return to the Carolinas, having lived for a number of years just down the road in Spartenburg and having many pleasant memories of being a student at Chapel I am most grateful for the hospitality that we have Hill. 29 received while we are here today, grateful for everybody

taking the time to turn out this evening.

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I'm particularly pleased to see Congressman Mel Watt from Charlotte, the 12th Congressional District, and my friend David Price from the 4th District here tonight. Both of these gentlemen have shown strong and visionary leadership in a host of media issues.

Tonight we continue a truly remarkable grassroots dialogue about the future of our media. Over the course of the past year we have witnessed a growing national concern over what many people believe are disturbing trends in the media. Citizens from all over the country, conservative and liberal, republican and democrat, young and old, rural and urban, north and south have come together to express their concern and even alarm.

ownership rules implemented by the Federal Communications. Commission with people asking how many or perhaps, more accurately, how a few broadcast stations, media conglomerates should be allowed to own, or for what purposes are stations granted licenses, and how does the public interest fare in the more heavily consolidated environment. This ownership dialogue continues in Congress and in the courts around the nation.

Tonight we address core media values, particularly localism, from a little different perspective. But we must

realize, of course, that it is all part of a larger discussion about protecting the people's interest and the people's airwaves. No part of this grassroots dialogue can be divorced from any other part.

As we begin this first of several Commission hearings, we should return to basic principles reminding ourselves that all of us own the airwaves, and the corporations that are given the privilege of using this precious public asset, and to profit from that use in exchange for their commitment to serve the public interest.

Broadcasters have been given very special privileges and they have very special responsibilities to serve their local communities.

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Since the 1980's, in my opinion, fundamental 19 protections of the public interest have been weakened and 16 have withered. Requirements like meeting with members of the community to determine the needs and wishes of their 18 local audience, teeing up controversial issues for viewers 19 and listeners, encouraging antagonistic points of view, and providing viewpoint and program diversity, to name just a few of the obligations that once we had.

In addition we have pared back the license renewal process from one wherein every three years examined very rigorously whether the broadcaster was actually serving the public interest, to one wherein now companies need only send us a short form every eight years and generally nothing These days getting a license renewed is pretty much a slam dunk. It's not called postcard renewal for nothing.

So step by step, rule by rule, public interest protections strike me as being weaker, much weaker than they used to be. I believe this has happened at a high and dangerous cost to the American people. Some call my concern excessive, but I believe in my bones that the survival of fundamental value hinges on the outcome of this national 10 dialogue.

We come to Charlotte to talk directly with members 12 of this community and region and to tap its local expertise as to what is happening here. How can we possibly know if licensees are serving their communities without hearing from the community? Are stations adding to the civic dialogue? Are they adhering to community standards, or are they airing excessive amounts of indecent and excessively violent, programming?

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Are they encouraging local talents and local genius? Are they reaching out to minority groups within the community?

I know we will leave here tonight knowing facts 23 and having perspectives that just wouldn't have floated into us had we remained in Washington. We start with our panels tonight and I would like to thank each panelist for taking

the time and trouble to be with us this evening.

What I'm especially looking forward to is hearing from members of the public that have given up their evening to be here to discuss the importance of local broadcasting in their communities. I have seen this around the country, the interest and the high value that the American people ' place on localism in broadcasting.

And I think it shows how important this issue is here when so many of you turn out in this room this evening and I understand in the overflow rooms also. North Carolina is making its voice heard, and I am enormously pleased to be here to listen and to learn.

So I thank each of you, and I thank you, Mr. Chairman, for bringing us together tonight.

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CHAIRMAN POWELL: Thank you, Commissioner, for your remarks. Commissioner Adelstein.

COMMISSIONER ADELSTEIN: Thank you, Mr. Chairman. It's great to be here in Charlotte to begin this dialogue on how well broadcasters are serving their local communities.

I'd like to commend Chairman Powell and my fellow Commissioners for bringing us together and getting these historic hearings underway.

I think the key is, as the Chairman said, for us 29 to get outside of Washington and to hear directly from

people in communities like Charlotte. And we're doing a series of these across the country in a very select group of cities, and I just think that it's so important that we do so. I also recommend that we continue to keep our eye on what's happening in local communities as we go through each of these license renewals.

I'd like to recognize Congressman Watt and Congressman Price for their leadership on these issues, and thank them for being here.

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I think that it's also critical that these hearings are taking place just in time for us to tell the public how they can participate in this upcoming round of license renewals. This is really, I think, historic that we are looking at this issue at all, because these have been, as Commissioner Copps outlined, a postcard process.

Now we're getting out here, we're taking it seriously, we want to hear from people, we want to see what's happening.

I think that the broadcasters, they're in many 20 cases doing a great job, but we need to keep people's feet to the fire to ensure that they're continuing to serve their local communities. I don't think most people in the public are even aware that these license renewals are happening, and we're here to let you know how you can get involved.

Tonight's hearing falls around the hearings that

were held around the country last spring to hear public input about the media ownership rules that we have. I think those hearings were tremendously valuable.

We heard firsthand from thousands of people, and I sense that there is a real frustration out among the public about the media. And one of the issues of concern was localism, and I think it's appropriate that we now focus on that issue head-on. And I think that we'll learn a lot about that issue, even more deftly than we did last time.

So we're here to talk about localism and I'd like 14 to talk a little bit about what that means. Every community has its local needs, its local talents, local elections, local news, and local culture. And localism reflects the 14 commitment to local news and public affairs programming, but 15 it also means a lot more.

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It means providing opportunities for local selfexpression, it means reaching out, developing and promoting local performing artists and other local talent. It means making programming decisions that serve local needs. means making sure that the coverage reflects the makeup of the community.

I was fascinated to learn, for example, that the Hispanic population in North Carolina has increased by nearly 400 percent since 1990, with Raleigh, Greensboro and Charlotte three of the four fastest growing Hispanic cities

in America. We need to know the concerns of the growing Hispanic community as well as the African-American community and other minority groups, that they are getting the attention that they deserve through the licensed broadcast outlets in this community.

Localism also means the station being responsive to the community in other ways, such as dedicating the resources to discover and address the needs of the community. It means being accessible, sending reporters and cameras out to all parts of the community, to all the different stories, to really cover what's happening in the 12 community, documenting those efforts that they undertake for the public to review in files that are accessible to residents in the communities so they can know what the station's doing.

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I think there are many local broadcasters in this 17 country who have shown a long-term and a real commitment to 18 community service and to localism, and some stations do very well with this, including some real standouts here in North Carolina, and I think we'll hear from representatives of some of those today.

So we're here tonight to learn how we can encourage other stations to put the needs of the local community first. That's the cornerstone of the public's social contract with broadcasters.

As outlined by my colleagues, they get a valuable license from the FCC to use the public airwaves, and then they agree to act as a trustee for the public interest in return. We don't give out those licenses simply to broadcasters on a national basis like in other countries. In many cases, like the BBC in England, they provide nationwide licenses. Here historically we provide local licenses to local communities and insisted that they serve local needs.

So each -- you as licensees should take that obligation very seriously and make sure to inform the community about local elections, about political controversies, about good things that are happening in the community, and other matters that are related to the selfgovernance of a democracy.

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Thinking of my own family and my own father, for example, was an elected republican state representative in my home state of South Dakota, and he sees the need for the media to cover these local concerns, what's happening in the state government and local government.

And I think he's really onto something because if you look at a study that was done of all the combined TV coverage of the 2000 campaign, including local, state and 24 federal, all -- from the sheriff to the President of the United States, 74 seconds per night is all we saw. People

heard a lot more from paid political ads in 74 seconds.

Maybe that's why half our population doesn't even bother to vote. I don't think that's a very healthy thing for our democracy. And half our people not voting isn't a healthy democracy.

And the licensees of our broadcast stations have an obligation to do something about it, they have an obligation to cover what's happening in the community, to get people aware of what's happening, to not just have them get all their information from these overwhelming negative ads. They need to cover local political issues.

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So we're about to begin an in-depth examination. This is the beginning of it, of how we, the FCC, can improve 14 how broadcasters serve their local communities, and we need your input as we launch this investigation.

For example, how to hold stations accountable when shock-jock programming offends community standards or harms the residents. We've heard some stories about that right here in North Carolina.

So I look forward to hearing from all the excellent panelists and I want to thank them for coming from all across the State of North Carolina to share their views about how the local communities are being served, or how in the case of the broadcasters they are serving their local communities.

So thank you all for coming out and sharing your views, and I thank the public for coming here, and I look forward to hearing from you.

I've got a two-week baby home, so I've got to rush out right afterwards to get back and make sure I'm serving my own immediate local community. Thank you for your time and I look forward to hearing from the witnesses.

CHAIRMAN POWELL: Thank you very much, Commissioner Adelstein. As you've heard, we are really honored to have with us two very distinguished members of 11 the United States Congress who have taken some time to come 12 and lend their support to the hearing.

We're going to hear from Congressman David Price, 14 Democratic representative from Chapel Hill, first elected to Congress in 1986, and also Congressman Mel Watt, the Democratic representative from here in Charlotte who has served since 1992.

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And I'd like to invite them first, if Congressman Watt would like, to make a few remarks, and we welcome you to do that, sir.

I want to personally thank CONGRESSMAN WATT: Chairman Powell and the other Commissioners for providing this opportunity for our residents to express their feelings about the importance of localism in broadcasting.

I'm mindful that the purpose of this hearing is to

get the input of the people, not their representatives in Congress. Consequently, my comments will be brief and I've submitted a longer version of what I have to say to the secretary.

Before proceeding to my substantive comments, I want to make two brief points that may be unnecessary because they are so obvious. I do so only because I think they should not be taken for granted.

First, isn't it great to live in a country that places a value on having a discussion such as this which first and foremost assumes an unequivocal commitment to the importance of the First Amendment and to the importance of the rights the First Amendment protects, free speech and free and open press?

What would many people around the world give to 14 have an opportunity such as this to express themselves?

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Second, while tonight's discussion is about localism in broadcasting, and you're likely to hear over and over that localism is important, I think it is also important to emphasize that every element of our system of broadcasting plays a valuable role whether the local, regional, national, print, television, radio or tech. short, the best citizen is an informed citizen.

Substantively, my bottom line is that localism in 25 broadcasting is extremely important. That probably became

obvious from a high profile source recently, the President of the United States.

President Bush complained about how he perceived that the national media was filtering good information about the way things are going in Iraq, and indicated that he was turning to local broadcasters to get the, quote, real story If all of our media had been national media, that option clearly would not have been available to the This example clearly illustrates the value of 10 differing perspectives in the media.

I suspect you're going to hear a parade of people today who agree with the President that localism is important. I'll also be surprised if you don't also hear 14 that the current local and national breakdown seems to be working real well in this community, which leads me to the 16 first point I want to make.

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If the system wasn't broke, why did the FCC try to 18 fix it? Already today ten companies control the huge majority of media, radio, television, books, magazines, cable, internet, movies and music. One can make a good case that localism was about the only thing that was keeping some semblance of balance in the system.

So why would the FCC want to make a bad situation worse by running the risk of reducing that important local ingredient?